

April 20, 2018

Petersburg Assembly
P.O. Box 329
Petersburg, AK 99833

Re: Unilateral Implementation of the Borough's Last Best and Final Offer (LBO) with
PMEA.

Dear Assembly:

On March 5th you approved the tentative agreement (TA) with PMEA that had been reached in Mediation. However, after that approval, the Borough was informed that the PMEA membership voted to reject the agreement.

At PMEA's request, we met in negotiations on the 18th of April. PMEA informed us that the Borough's proposed wage increases to the police officer classifications and to the resident assistants (RAs) at the Manor were what caused the TA to be rejected. PMEA requested that the proposed wage increases be spread out among all its employees and not given solely to those classifications.

That was PMEA's position during Mediation. The Borough responded then and responded again at the meeting that the increases for police officers were proposed because the Borough's wage survey showed that police employees were underpaid as they moved up the pay scale as compared to comparable jurisdictions, that there is a nationwide and statewide shortage of qualified police applicants, which caused the Borough's inability to fill a vacant position recently, and the increase was to try to remedy that situation. The increases for the RAs were proposed due to the recognition of the challenges of their work and to try to reduce turnover of those employees.

I asked PMEA whether it had affirmatively recommended that its members vote to ratify the TA. The negotiator stated that it had, but the local president stated that because the Borough had not agreed to PMEA's position in mediation they did not recommend that the TA'd agreement be ratified but presented it to the membership without a recommendation.

The failure to recommend that a TA'd agreement be ratified by one's party is generally considered to be bad faith bargaining. The Borough could file an Unfair Labor Practice

Complaint over such conduct. However, little is to be gained from such action. PMEA was told in mediation that if it did not accept the Borough's informal proposal that the Borough would unilaterally implement its LBO. PMEA acknowledged this during the April meeting.

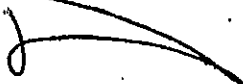
PMEA claimed that the Borough could not implement its LBO because the Mediation TA somehow became a new LBO which the Borough could not change. Such a position makes little sense as PMEA was told during Mediation what would be implemented if a settlement was not reached. PMEA claimed that it did inform its members that if the TA was not ratified that the Borough's LBO was the alternative. I have been informally told that PMEA will file an Unfair Labor Practice based on this theory, and I believe that the Borough can successfully defend its actions.

The LBO to be implemented has some significant differences from the TA'ed agreement. Instead of the retroactive 2% wage increase in the first year, a wage freeze in the second year, and a wage reopener in the third year, it contains a retroactive 1% wage increase, a 1% wage increase in the second year, and a wage freeze in the third year. It decreases health insurance coverage for part-time employees and allows the Borough to establish up to 3 mandatory furlough days with prior notice to the employees, who will be able to use accumulated paid time off to cover those days. The furlough days are limited to the Friday of Mayfest, the Friday after Thanksgiving, and Christmas Eve.

It is unfortunate that the Borough and PMEA were not able to reach and ratify an agreement. However, the Borough's LBO and its informal proposal to settle the contract had been provided to PMEA early last August, and its position had been made clear to PMEA in negotiating sessions prior to then. The selective wage increases were made to benefit the Borough's ability to attract and retain critical employees and not to take away any increases from PMEA members. Given the rejection of the TA'ed agreement by PMEA, it is recommended that you approve implementation of the Borough's LBO.

I am sorry that I will not be present to answer questions at your next meeting, but I have a long-standing commitment to be out of town for much of May.

Respectfully,



John Hoag